

FACT SHEET: Massachusetts Pension Reserves Investment Management (PRIM) Board Shareholder Engagement

Since 2015, State Treasurer Deborah B. Goldberg has proposed, and the PRIM Board has approved, a series of reforms to the pension fund's custom proxy voting guidelines. The reforms – which span a range of issues, including board diversity, wage equality, renewable energy and human rights standards – are designed to strengthen corporate governance and protect the value of the fund's investments. The proxy voting guidelines do not restrict or determine which companies the pension fund invests in. They allow the fund to use its power as a shareholder to support and advocate for policies that advance effective corporate governance strategies.

Board Diversity:

- Vote against or withhold from all board nominees if less than 30 percent of the board is diverse in terms of gender and race.

Wage Equality:

- Vote for shareholder proposals requesting an internal wage audit.
- Vote for shareholder proposals requiring the company to share the results of an internal wage audit with shareholders.

Over-boarding:

- Vote against or withhold from individual directors who are not CEOs of public companies and sit on more than four public company boards (for annual meetings taking place from February 1, 2017 and onwards).
- Vote against or withhold from directors who are CEOs of public companies and sit on the boards of more than two public companies besides their own (withholding only at their outside boards).

Renewable Energy:

- Vote for shareholder proposals seeking increased investment in renewable energy sources unless the terms of the resolution are overly restrictive.

Energy Efficiency:

- Vote for shareholder proposals requesting a report on company energy efficiency policies and/or goals.

Tobacco Advertising:

- Vote for shareholder proposals asking companies to stop all misleading advertising, marketing and sale of cigarettes, including advertising to youth. Such advertising methods could also pertain to using the terms “light,” “ultra-light,” “mild,” and other similar words and/or colors.

Recycling:

- Vote for shareholder proposals that ask companies to increase their recycling efforts or to adopt a formal recycling policy.

Environmental, Social and Governance (ESG) Compensation-Related Proposals:

- Vote for shareholder proposals calling for linkage of executive pay to non-financial factors including performance against social and environmental goals, customer/employee satisfaction, corporate downsizing, community involvement, human rights or predatory lending.

Labor and Human Rights Standards:

- Vote for shareholder proposals to implement human rights standards and workplace codes of conduct.

Human Rights Risk Assessment:

- Vote for shareholder proposals requesting that a company conduct an assessment of the human rights risks in its operations or in its supply chain.